

Message Text

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ACTION STR-07

INFO OCT-01 IO-13 ISO-00 STRE-00 AGRE-00 CEA-01
CIAE-00 COME-00 DODE-00 EB-08 FRB-03 H-01 INR-10
INT-05 L-03 LAB-04 NSAE-00 NSC-05 PA-01 CTME-00
AID-05 SS-15 ITC-01 TRSE-00 ICA-11 SP-02 SOE-02
OMB-01 DOE-15 OIC-02 AF-10 ARA-10 EA-10 EUR-12
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P 161719Z JUN 78
FM USMISSION GENEVA
TO SECSTATE WASHDC PRIORITY 0954

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USMTN

STR ACTION

E.O. 11652: N/A
TAGS: ETRD, MTN
SUBJECT: ACTN ISSUES FOR GENEVA DISCUSSION

1. A SUGGESTED SERIES OF POLITICAL AND POLICY ISSUES FOR DISCUSSION IN THE MEETINGS OF THE ADVISORY COMMITTEE FOR TRADE NEGOTIATIONS (ACTN) IN GENEVA ON JUNE 26 AND 27 ARE LISTED BELOW. THESE SUGGESTIONS FOCUS HEAVILY ON SOME OF THE MAJOR POLITICAL ISSUES AND QUESTIONS OF OVERALL BALANCE IN THE TOKYO ROUND AS WE NOW SEE THEM SHAPING UP. SINCE THESE ARE THE KINDS OF ISSUES AGAINST WHICH OUR DOMESTIC INTERESTS WILL LIKELY ASSESS OUR MTN RESULTS, IT IS PARTICULARLY TIMELY AND BENEFICIAL FOR OUR NEGOTIATORS TO HAVE THE ACTN REACTIONS AND COMMENTS TO THEM AS WE ENTER THE FINAL STAGES OF NEGOTIATION.

2. THE ISSUES BELOW ARE SPECIFICALLY AIMED FOR TOP POLICY
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LEVEL CONSIDERATION, ASSUMING THAT THE MORE DETAILED TECHNICAL QUESTIONS RELATED TO THESE TOPICS ARE BEING DEALT WITH AT THE LEVEL OF THE POLICY ADVISORY COMMITTEES AND THE SECTOR AND TECHNICAL ADVISORY COMMITTEES. THIS LIST HAS BEEN INCLUDED IN BACKGROUND BRIEFING MATERIAL HAND-CARRIED TO WASHINGTON ON JUNE 15 FOR ADVANCED DISTRIBUTION TO ACTN MEMBERS.

3. ACTN ISSUES FOR DISCUSSION FOLLOW:

- NONTARIFF MEASURES

A. SUBSIDIES AND COUNTERVAILING DUTIES

- 1. UNDER WHAT CIRCUMSTANCES CAN AND SHOULD THE U.S. ACCEPT AN INJURY REQUIREMENT BEFORE COUNTERVAILING?

- 2. WHAT PRECAUTIONS SHOULD THE U.S. TAKE TO MAKE SURE RESULTING CODE IN FACT PRODUCES GREATER DISCIPLINE AND LESS ACTUAL TRADE DISTORTION THAN RECENT TRENDS?

B. GOVERNMENT PROCUREMENT

- 1. HOW IMPORTANT IS IT TO TAKE THE FIRST STEP FOR A GOVERNMENT PROCUREMENT CODE, RECOGNIZING THAT FULL COVERAGE MAY ONLY BE OBTAINED GRADUALLY OVER TIME?

- 2. WHAT SHOULD BE THE ROLE OF BUY AMERICA FOR COUNTRIES AND ENTITIES NOT COVERED?

C. CUSTOMS VALUATION

- 1. WHAT IS THE IMPORTANCE TO THE U.S. OF COMMON VALUATION SYSTEMS, ELIMINATION OF "UPLIFT" PRACTICES LIMITED OFFICIAL USE

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FOR TARIFF DETERMINATION, AND A GENERALLY SIMPLIFIED INTERNATIONAL SYSTEM?

- 2. HOW DOES THE ACTN VIEW RECIPROCITY AS IT RELATES TO A CUSTOM VALUATION CODE AND THE ELIMINATION OF ASP AND FINAL LIST?

D. STANDARDS

- 1. WHAT SHOULD BE THE U.S. FEDERAL POSITION ON OBTAINING COMPLIANCE FROM STATE AND INDEPENDENT BODIES FOR INTERNATIONAL STANDARDS AGREEMENT OR COMPENSATING OTHER CONTRACTING PARTIES FOR ANY U.S. SHORTFALLS?

E. RULES OF ORIGIN

- 1. HOW IMPORTANT DOES THE ACTN VIEW THE PREFERENTIAL PROBLEMS ARISING FROM DISCRIMINATORY RULES OF ORIGIN? IF WE DO NOT GAIN SOME POSITIVE RESULT, SHOULD WE MOVE TO ERECT PARALLEL BARRIERS IN THE U.S. AFFECTING OEM SUPPLIERS?

- AGRICULTURE

1. WHAT ARE THE ESSENTIAL COMPONENTS OF A SATIS-
FACTORY AGRICULTURAL RESULT?

2. HOW MUCH AND WHAT CAN THE U.S. TRADE FOR THESE
RESULTS?

- TARIFFS

1. ABOUT WHAT LEVEL OF AVERAGE TARIFF CUTS SEEMS
TO BE APPROPRIATE?

2. HOW WILL THE PUBLIC ASSESS EQUITABLE RECIPROCITY
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USMTN

STR ACTION

IN TARIFF REDUCTIONS? (GENERAL IMPRESSIONS OR COMBINATION
OF MEASURES SUCH AS WEIGHTED DEPTH OF CUT, COMPARATIVE

POINT DIFFERENTIALS BEFORE AND AFTER CUTS, DEGREE OF
HARMONIZATION ON SIMILAR PRODUCTS?)

3. DOES AN 8-YEAR STAGING PLAN BEGINNING IN 1980
SEEM REASONABLE?

4. HOW DOES ACTN VIEW LINKAGES BETWEEN TARIFF
REDUCTIONS AND OTHER ASPECTS OF NEGOTIATIONS?

- TRADING SYSTEM

A. SAFEGUARDS

- 1. WHAT SHOULD BE (A) THE LIMITS OF USE OF
SELECTIVITY AND (B) THE RELATIONSHIP OF SELECTIVE ACTION
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TO MFN SAFEGUARD MEASURES?

- 2. TO WHAT EXTENT SHOULD THE U.S. AGREE TO
INTERNATIONAL (MULTILATERAL COMMITTEE) REVIEW OF, AND
JUDGMENT ON, ITS ESCAPE CLAUSE ACTIONS BEFORE ENTERING
INTO SELECTIVE ARRANGEMENTS LIKE OMA'S?

3. WHAT SHOULD BE THE U.S. WILLINGNESS TO
PARTICIPATE IN THIS CODE IN THE FACE OF HEAVY LDC
OPPOSITION?

B. FRAMEWORK

1. WHAT LATITUDE SHOULD DEVELOPED COUNTRIES
PERMIT FOR PREFERENTIAL MEASURES BETWEEN LDC'S? WHAT
CONCESSIONS SHOULD WE BE WILLING TO MAINTAIN FOR
INTRODUCING THE CONCEPT OF "GRADUATION" FOR ADVANCED
LDC'S?

2. WHAT PRIORITY SHOULD THE U.S. GIVE FOR
REINFORCING THE DISPUTE SETTLEMENT MECHANISMS AND OTHER
ELEMENTS OF GATT TO INCREASE INTERNATIONAL DISCIPLINE?

3. SHOULD THE U.S. OFFER SPECIAL PRIVILEGES
AND CONCESSIONS WITHOUT CONTRIBUTIONS TO THE 29 POOREST
LDC'S?

MCDONALD

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